

**ASSEMBLY BILL**

**No. 728**

**Introduced by Assembly Member Aroner**  
**(Coauthor: Assembly Member Torlakson)**  
(Coauthors: Senators Perata and Rainey)

February 24, 1999

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An act to add Section 41472.5 to the Education Code, relating to school finance.

LEGISLATIVE COUNSEL'S DIGEST

AB 728, as introduced, Aroner. West Contra Costa Unified School District: loan repayment.

Existing law provides for a schedule of repayment by the West Contra Costa Unified School District of loan obligations to the state. Existing law provides for the payment of interest on the loan obligation at a certain rate.

This bill would, notwithstanding any other provision of law, require the Director of Finance to, on January 1, 2000, amend the repayment schedule for the loan obligation so that the West Contra Costa Unified School District repays its loan obligation on any remaining principal without interest from that date in an amount no less than \$1,863,550 annually and all prior interest payments on the loan obligation are credited toward reduction of the balance of the remaining principal.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. (a) The Legislature finds and declares  
2 all of the following:

3 (1) The West Contra Costa Unified School District,  
4 through strict fiscal measures and at great sacrifice to the  
5 educational program offered to its pupils, has restored its  
6 credit rating to investment grade following filing for  
7 bankruptcy in 1991.

8 (2) West Contra Costa Unified School District  
9 management has been reconstituted and no trustees  
10 remain from the date of the bankruptcy filing.

11 (3) The state's interest is not furthered by continuing  
12 to penalize the schoolchildren of the West Contra Costa  
13 Unified School District for transgressions made by adults  
14 a decade earlier.

15 (b) It is, therefore, the intent of the Legislature to  
16 enact legislation to amend the debt repayment schedule  
17 entered into pursuant to Section 41472 of the Education  
18 Code so that, following the loan repayment of the West  
19 Contra Costa Unified School District in 1999, the  
20 remaining district debt will be repaid without interest  
21 from that point forward, and the prior interest payments  
22 will be deducted from the balance of the principal.

23 SEC. 2. Section 41472.5 is added to the Education  
24 Code, to read:

25 41472.5. Notwithstanding any other provision of law,  
26 the Director of Finance shall, on January 1, 2000, amend  
27 the repayment schedule for the loan obligation incurred  
28 by the West Contra Costa Unified School District  
29 pursuant to this chapter as follows:

30 (a) Commencing January 1, 2000, the West Contra  
31 Costa Unified School District shall repay its loan  
32 obligation on any remaining principal without interest in  
33 an amount that is no less than one million eight hundred  
34 sixty-three thousand five hundred fifty dollars  
35 (\$1,863,550) annually.

36 (b) All prior interest payments on West Contra Costa  
37 Unified School District's loan obligation shall be credited

1 toward reduction of the balance of the remaining  
2 principal.

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